



SENATE REPUBLICAN

POLICY COMMITTEE

Legislative Notice

No. 27

September 4, 2007

S. 1645 – Military Construction and Veterans Affairs and Related Agencies Appropriations, 2008

Calendar No. 205

On June 18, 2007, the Appropriations Committee reported S. 1645 as an original measure; S. Rept. 110-85. The bill was reported out of committee by a vote of 28-1.

Noteworthy

- As reported to the Senate, S. 1645 provides \$109.23 billion in new budget authority, which is \$4.00 billion above the Administration's request and \$11.6 billion above the FY07 enacted level, excluding emergency appropriations.
- S. 1645 provides \$21.56 billion for military construction for the active and reserve component accounts, which is \$394.6 million above the Administration's request and \$8.24 billion above the FY07 enacted level. Included in this amount is \$9.84 billion (excluding rescissions and emergency appropriations) for military construction for the active and reserve components, which is \$286.6 million above the Administration's request and \$3.63 billion above the FY07 enacted level.
- S. 1645 provides \$8.17 billion for the base realignment and closure account (BRAC), 2005, which is equal to the Administration's request.
- S. 1645 provides \$89.91 billion, including user fees, for the Department of Veterans Affairs (VA). Of this funding, \$43.01 billion is discretionary funding, which is \$3.60 billion above the Administration's request. Of the \$3.60 billion increase, \$2.60 billion is for the Veterans Health Administration. Of the \$2.60 billion increase over the President's request, \$1.81 billion is for Medical Services, \$200.0 million is Medical Administration, \$500.0 million for Medical Facilities, and \$89.0 million for research.
- On June 15, the House passed H.R. 2642, its version of S. 1645, by a vote of 409-2.

Background

The Military Construction and Veterans Affairs and Related Agencies appropriations bill provides necessary funding for the planning, design, construction, alteration, and improvement of military facilities worldwide, both for Active and Reserve forces. It also finances the cost of military family housing and the U.S. share of the NATO Security Investment Program. In addition, the bill provides funding to implement base closures and realignments authorized by law. The bill provides resources to the Department of Veterans Affairs for veterans' benefits and care. The bill also provides funding for U.S. cemeteries and battlefield monuments both in the United States and abroad; the U.S. Court of Appeals for Veterans Claims; and Armed Forces Retirement Homes.

Bill Provisions

Title I – Military Construction

S. 1645 provides \$21.56 billion for military construction for the active and reserve component accounts, which is \$394.6 million above the Administration's request and \$8.24 billion above the FY07 enacted level. Included in this amount is \$9.84 billion (excluding rescissions and emergency appropriations) for military construction for the active and reserve components, which is \$286.6 million above the Administration's request and \$3.63 billion above the FY07 enacted level. Significant spending accounts include:

Active Components: Provides \$8.90 billion (excluding rescissions and emergency appropriations) for Active Component military construction, which is \$48.8 million above the Administration's request and \$2.07 billion above the FY07 enacted level.

- Provides \$3.93 billion for **Army** construction, which is \$111.0 million below the Administration's request, but \$702.6 million above the FY07 enacted level.
- Provides \$2.17 billion for **Navy and Marine Corps** construction, which is \$64.0 million above the Administration's request and \$1.04 billion above the FY07 enacted level.
- Provides \$1.05 billion for **Air Force** construction, which is \$136.4 million above the Administration's request, but \$34.5 million below the FY07 enacted level.
- Provides \$1.76 billion for **Defense-wide** construction, which is \$40.6 million below the Administration's request, but \$631.8 million above the FY07 enacted level.

Reserve Components: Provides \$929.9 million for Reserve Component military construction, which is \$234.7 million above the Administration's request and \$79.0 million above the FY07 enacted level.

- Provides \$478.8 million for **Army National Guard** construction, which is \$74.5 million above the Administration's request and \$5.8 million above the FY07 enacted level.

- Provides \$229.0 million for **Air National Guard** construction, which is \$143.5 million above the Administration's request and \$103.0 million above the FY07 enacted level.
- Provides \$138.4 million for **Army Reserve** construction, which is \$18.7 million above the Administration's request, but \$27.6 million below the FY07 enacted level.
- Provides \$59.2 million for **Naval Reserve** construction, which is equal to the Administration's request and \$16.2 million above the FY07 enacted level.
- Provides \$27.6 million for the **Air Force Reserve** construction, which is \$1.0 million above the Administration's request, but \$17.4 million below the FY07 enacted level.

North Atlantic Treaty Organization: Provides \$201.4 million for the North Atlantic Treaty Organization (NATO) Security Investment Program, which is equal to the Administration's request, but \$3.4 million below the FY07 enacted level. Report language continues a prohibition of funds being used on both the enlargement of NATO and the Partnership for Peace program unless Congress is notified 21 days in advance.

Family Housing: Provides \$2.92 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund, which is \$10.0 million below the Administration's request and \$1.10 billion below the FY07 enacted level.

- Provides \$419.4 million for **Army** family housing construction, which is equal to the Administration's request, but \$159.6 million below the FY07 enacted level. Provides nearly \$742.9 million for **Army** family housing operation and maintenance, which is equal to the Administration's request and \$71.9 million above the FY07 enacted level.
- Provides \$288.3 million for **Navy** family housing construction, which is \$10.0 million below the Administration's request and \$16.7 million below the FY07 level. Provides \$371.4 million for **Navy** family housing operation and maintenance, which is equal the Administration's request, but \$133.6 million below the FY07 enacted level.
- Provides \$362.7 million for **Air Force** family housing construction, which is equal to the Administration's request, but \$787.3 million below the FY07 enacted level. Provides \$688.3 million for **Air Force** family housing operation and maintenance, which is equal to the Administration's request, but \$61.7 million below the FY07 enacted level.
- Does not provide funds for **Defense-wide** family housing construction, which is equal to the Administration's request, but \$9.0 million below the FY07 enacted level.
- Provides \$48.8 million for **Defense-wide** family housing operation and maintenance, which is equal to the Administration's request, but \$152,000 below the FY07 enacted level.
- Provides \$500,000 for the Family Housing Improvement Fund, which is equal to the Administration's request and \$2.0 million below the FY07 enacted level.

Chemical Demilitarization Construction Program: Provides \$104.2 million for chemical demilitarization construction, which is \$18.0 million above the Administration's request, but \$26.8 million below the FY07 enacted level.

Base Realignment and Closure Account (BRAC): For 1990 Part IV BRAC, provides \$320.7 million, which is \$100.0 million above the Administration's request and \$68.4 million above the FY07 enacted level. For 2005 BRAC, provides \$8.17 billion, which is equal to the Administration's request and \$5.68 billion above the FY07 enacted level.

Title II – Department of Veterans Affairs

S. 1645 provides \$87.50 billion for Veterans Affairs, which is \$3.60 billion above the Administration's request and \$9.75 billion above the FY07 enacted level, excluding emergency appropriations. Of this amount, \$44.49 billion is mandatory spending. Significant spending accounts include:

Compensation and Pensions: Provides \$41.24 billion for compensation and pensions, which is equal to the Administration's request and \$3.23 billion above the FY07 enacted level. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to non-service-connected disabilities which render them permanently and totally disabled.

Readjustment Benefits: Provides \$3.30 billion for Readjustment Benefits, which fully funds the Administration's request, but is \$38.3 million above the FY07 enacted level. The readjustment benefits appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985.

Veterans Insurance and Indemnities: Provides \$41.3 million for Veterans Insurance and Indemnities, which fully funds the Administration's request, but is \$8.6 million below the FY07 enacted level. The veterans insurance and indemnities appropriation consists of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; servicemen's indemnities, applicable to Korean conflict veterans; and veterans mortgage life insurance to individuals who have received a grant for specially adapted housing.

Veterans Housing Benefit Program Fund Program Account: Provides \$154.6 million for the Veterans Housing Benefit Program Fund Program Account, which is equal to the Administration's request and \$278,000 above the FY07 enacted level. With the exception of the Native American Veteran Housing Loan Program and the Guaranteed Transitional Housing Loans for Homeless Veterans Program, this appropriation provides for all costs for the VA's direct and guaranteed housing loans, as well as the administrative expenses to carry out these programs, which may be transferred to and merged with the general operating expenses account.

Medical Services: Provides \$28.98 billion for Medical Services, which is \$1.81 billion above the Administration's request and \$3.46 billion above the FY07 enacted level. This account provides for medical services of eligible veterans and beneficiaries in VA medical centers, outpatient clinic facilities, contract hospitals, state homes, and outpatient programs on a fee basis.

Medical Administration: Provides \$3.64 billion for Medical Administration, which is \$200.0 million above Administration's request and \$464.0 million above the FY07 enacted level. This account provides for the expenses of management, security, and administration of the VA health care system.

Medical Facilities: Provides nearly \$4.09 billion for Medical Facilities, which is \$500.0 million above the Administration's request and \$522.5 million above the FY07 enacted level. This account provides funds for the operation and maintenance of the VA healthcare system's capital infrastructure.

Medical and Prosthetic Research: Provides \$500.0 million for Medical and Prosthetic Research, which is \$89.0 million above the Administration's request and \$86.0 million above the FY07 enacted level. This account provides funds for medical, rehabilitative, and health services research. Medical research supports basic and clinical studies that advance knowledge leading to improvements in the prevention, diagnosis, and treatment of diseases and disabilities.

National Cemetery Administration: Provides \$217.7 million for the National Cemetery Administration, which is \$50.9 million above the Administration's request and \$57.0 million above the FY07 enacted level. The National Cemetery Administration was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery of the remains of eligible deceased servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to states in establishing, expanding, or improving state veterans' cemeteries; and to administer the Presidential Memorial Certificate Program.

General Operating Expenses: Provides \$1.61 billion for General Operating Expenses, which is \$140.2 million above the Administration's request and \$130.6 million above the FY07 enacted level.

Information Technology: Provides \$1.90 billion for Information Technology, which is \$38.8 million above the Administration's request and \$684.0 million above the FY07 enacted level. This account encompasses the entire non-pay information technology portfolio for the Department of Veterans Affairs.

Title III – Related Agencies

American Battle Monuments Commission: Provides \$45.6 million for the American Battle Monuments Commission, which is \$3.5 million above the Administration's request and \$8.6 million above the FY07 enacted level.

U.S. Court of Appeals for Veterans Claims: Provides \$24.2 million for the U.S. Court of Appeals for Veterans Claims, which is \$3.0 million above the Administration's request and \$4.2 million above the FY07 enacted level.

Armed Forces Retirement Home: Provides \$61.6 million for the Armed Forces Retirement Home, which is equal to the Administration’s request, and \$4.4 million above the FY07 enacted level.

Administration Position

On September 4, the Administration released a Statement of Administration Policy (SAP) on the Committee-reported bill, S. 1645.¹ While the SAP did not include a veto threat, the Administration did indicate concerns that S. 1645 contains an excessive level of spending and other objectionable provisions. The SAP stated, “If Congress determines that additional resources above the President’s request and enacted supplemental funding are necessary, Congress must provide reductions in other appropriations bills to offset this increase and meet the President’s topline of \$933 billion. If Congress increases VA funding above the President’s request and does not offset this increase with spending reductions in other bills, the President will veto any of the other bills that exceed his request until Congress demonstrates a path to reach the President’s topline of \$933 billion. Funding for our troops, past and present, should not be held hostage to Congress’ attempts to provide irresponsible increases in domestic spending.”

Cost

S. 1645 would result in the following outlays:

FY 2008	\$81.616 billion
FY 2009	\$12.826 billion
FY 2010	\$8.107 billion
FY 2011	\$3.012 billion
FY 2012 and future years	\$1.911 billion

¹ The SAP can be found at the following link:
<http://www.whitehouse.gov/omb/legislative/sap/110-1/s1645sap-s.pdf>